

AMENDED IN SENATE JULY 6, 2004

AMENDED IN SENATE JUNE 22, 2004

AMENDED IN ASSEMBLY MAY 20, 2004

AMENDED IN ASSEMBLY APRIL 27, 2004

AMENDED IN ASSEMBLY APRIL 14, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2709**

**Introduced by Assembly Member Levine**

February 20, 2004

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An act to amend Section 4000.37 of, and to add Sections 16058 and 16058.1 to, the Vehicle Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 2709, as amended, Levine. Vehicle: financial responsibility.

(1) Existing law requires every driver and every owner of a motor vehicle to be able, at all times, to establish financial responsibility, as defined, for the vehicle. Existing law requires, among other things, upon the renewal of registration of a motor vehicle with the Department of Motor Vehicles, that a form be submitted that includes a statement from the insurance company or surety company that the policy or bond meets the financial responsibility requirements.

This bill, ~~additionally~~, would require ~~the insurance form to be submitted with an application for a transfer of registration and for an original registration~~ *each applicant, within specified timelines, upon the application for an original registration or transfer of registration of a*

*motor vehicle, to also submit the described financial responsibility documents. This bill would exempt this requirement from applying to a dealer who has sold or leased a vehicle to another person.*

The bill, on and after July 1, 2006, would require an insurance company or a surety company to notify the department upon the issuance, cancellation, or termination of an automobile motor vehicle policy or bond issued by that company. The bill would require the notice to be submitted by electronic means in a format agreed to between the insurance or surety company and the department, and would, on or before January 1, 2006, require an insurance company or surety company to advise the department of the electronic method to be used for reporting liability insurance information.

The bill would require the department to establish an electronic conversion table.

The bill, on or before July 1, 2006, would require each insurance or surety company to electronically report to the department all issued policies or bonds and certain other information.

This bill would require the department to adopt regulations for reporting bond and insurance information, and to develop methods by which law enforcement officers, on and after July 1, 2006, may verify that the department has received an electronic notification.

Because a violation of these provisions by an insurance company or surety company would be a crime under existing law, the bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 4000.37 of the Vehicle Code is amended  
2 to read:  
3 4000.37. (a) Upon *the application for a renewal of*  
4 *registration, and, consistent within the timeline set forth in Section*  
5 *16058, upon the application for an original registration, a transfer*

1 ~~of registration, or a renewal of registration of a motor or transfer~~  
2 ~~of registration of a motor vehicle~~, the department shall require that  
3 the applicant submit either a form approved by the department, but  
4 issued by the insurer, as specified in paragraph (1), (2), or (3), or  
5 any of the items specified in paragraph (4), as evidence that the  
6 applicant is in compliance with the financial responsibility laws of  
7 this state. *For purposes of this section, an applicant does not*  
8 *include a person holding a license under Article 1 (commencing*  
9 *with Section 11700) of Chapter 4 of Division 5.*

10 (1) For vehicles covered by private passenger automobile  
11 liability policies and having coverage as described in subdivisions  
12 (a) and (b) of Section 660 of the Insurance Code, or policies and  
13 coverages for private passenger automobile policies as described  
14 in subdivisions (a) and (b) of that section and issued by an  
15 automobile assigned risk plan, the form shall include all of the  
16 following:

17 (A) The primary name of the insured covered by the policy or  
18 the vehicle owner, or both.

19 (B) The year, make, and vehicle identification number of the  
20 vehicle.

21 (C) The name, the National Association of Insurance  
22 Commissioners (NAIC) number, and the address of the insurance  
23 company or surety company providing a policy or bond for the  
24 vehicle.

25 (D) The policy or bond number, and the effective date and  
26 expiration date of that policy or bond.

27 (E) A statement from the insurance company or surety  
28 company that the policy or bond meets the requirements of Section  
29 16056 or 16500.5, or that a notice submitted under Section 16058  
30 is on file with the department. For the purposes of this section,  
31 policies described in Sections 11629.71 and 11629.91 of the  
32 Insurance Code are deemed to meet the requirements of Section  
33 16056.

34 (2) For vehicles covered by commercial or fleet policies, and  
35 not private passenger automobile liability policies, as described in  
36 paragraph (1), the form shall include all of the following:

37 (A) The name and address of the vehicle owner or fleet  
38 operator.

1 (B) The name, the NAIC number, and the address of the  
2 insurance company or surety company providing a policy or bond  
3 for the vehicle.

4 (C) The policy or bond number, and the effective date and  
5 expiration date of the policy or bond.

6 (D) A statement from the insurance company or surety  
7 company that the policy or bond meets the requirements of Section  
8 16056 or 16500.5, and is a commercial or fleet policy, or that a  
9 notice submitted under Section 16058 is on file with the  
10 department. For vehicles registered pursuant to Article 9.5  
11 (commencing with Section 5301) or Article 4 (commencing with  
12 Section 8050) of Chapter 4, one form may be submitted per fleet  
13 as specified by the department.

14 (3) (A) The director may authorize an insurer to issue a form  
15 that does not conform to paragraph (1) or (2) if the director does  
16 all of the following:

17 (i) Determines that the entity issuing the alternate form is or  
18 will begin reporting the insurance information required under  
19 paragraph (1) or (2) to the department through electronic  
20 transmission.

21 (ii) Determines that use of the alternate form furthers the  
22 interests of the state by enhancing the enforcement of the state's  
23 financial responsibility laws.

24 (iii) Approves the contents of the alternate form as providing  
25 an adequate means for persons to prove compliance with the  
26 financial responsibility laws.

27 (B) The director may authorize the use of the alternate form in  
28 lieu of the forms otherwise required under paragraph (1) or (2) for  
29 a period of four years or less and may renew that authority for  
30 additional periods of four years or less.

31 (4) In lieu of evidence of insurance as described in paragraphs  
32 (1), (2), and (3), one of the following documents as evidence of  
33 coverage under an alternative form of financial responsibility may  
34 be provided by the applicant:

35 (A) An evidence form, as specified by the department, that  
36 indicates either a certificate of self-insurance or an assignment of  
37 deposit letter has been issued by the department pursuant to  
38 Sections 16053 or 16054.2.

39 (B) An insurance covering note or binder pursuant to Section  
40 382 or 382.5 of the Insurance Code.

(C) An evidence form that indicates coverage is provided by a charitable risk pool operating under Section 5005.1 of the Corporations Code, if the registered owner of the vehicle is a nonprofit organization that is exempt from taxation under paragraph (3) of subsection (c) of Section 501 of the United States Internal Revenue Code. The evidence form shall include:

(i) The name and address of the vehicle owner or fleet operator.  
(ii) The name and address of the charitable risk pool providing the policy for the vehicle.

(iii) The policy number, and the effective date and expiration date of the policy.

(iv) A statement from the charitable risk pool that the policy meets the requirements of subdivision (b) of Section 16054.2.

(b) This section does not apply to any of the following:

(1) A vehicle for which a certification has been filed pursuant to Section 4604, until the vehicle is registered for operation upon the highway.

(2) A vehicle that is owned or leased by, or under the direction of, the United States or any public entity that is included in Section 811.2 of the Government Code.

(3) A vehicle registration renewal application where there is a change of registered owner.

(4) A vehicle for which evidence of liability insurance information has been electronically filed with the department.

*(c) Notwithstanding subdivision (a), a dealer is not required to submit evidence of financial responsibility to the department in connection with the submittal of an application for an original registration or transfer of registration of a vehicle that the dealer sold or leased to another person.*

SEC. 2. Section 16058 is added to the Vehicle Code, to read:

16058. (a) On and after July 1, 2006, an insurance company or a surety company shall notify the department upon the issuance, cancellation, or termination of an automobile motor vehicle policy or bond issued by that company that is subject to the requirements of Section 16056 or 16500.5.

(b) The notice required under subdivision (a) shall be submitted by electronic means in a format agreed to between the insurance or surety company and the department.

(c) On or before January 1, 2006, each insurance company or surety company shall advise the department of the electronic

1 method to be used for reporting liability insurance information.  
2 The department shall establish an electronic conversion schedule.

3 (d) On or before July 1, 2006, each insurance company or  
4 surety company shall electronically report to the department all  
5 motor vehicle liability policies or bonds in effect on that date.

6 (e) On and after July 1, 2006, each insurance company or surety  
7 company shall electronically report to the department the  
8 following:

9 (1) (A) Subject to subparagraph (B), the issuance of all motor  
10 vehicle liability policies or bonds issued within 10 days, of the  
11 effective date of the coverage.

12 (B) The department may revise the time period described in  
13 subparagraph (A).

14 (2) (A) Subject to subparagraph (B), the termination or  
15 cancellation, including the effective date of that termination or  
16 cancellation, of any previously reported policy or bond within 10  
17 days of the termination or cancellation date.

18 (B) The department may revise the time period described in  
19 subparagraph (A).

20 (f) (1) Those persons with alternative forms of financial  
21 responsibility pursuant to subdivision (a), (c), (d), or (e) of Section  
22 16021 and owners or operators of vehicles registered pursuant to  
23 Article 9.5 (commencing with Section 5301) of Chapter 1 of, or  
24 Article 4 (commencing with Section 8050) of Chapter 4 of,  
25 Division 3 shall provide satisfactory evidence of that  
26 responsibility as determined by the department.

27 (2) In addition, the department shall establish an alternative  
28 procedure for the establishment of satisfactory evidence of  
29 financial responsibility to permit the timely issuance of vehicle  
30 registration when the electronic data has not been updated due to  
31 circumstances beyond the vehicle owner's immediate control.  
32 Those circumstances may include, but are not limited to, a vehicle  
33 identification error in either the department's or the insurer's  
34 records.

35 (g) The department shall adopt regulations for reporting  
36 insurance information, including, but not limited to, establishing  
37 acceptable timeframes and approved methods for reporting  
38 information.

39 SEC. 3. Section 16058.1 is added to the Vehicle Code, to read:

1 16058.1. The department shall develop a method by which  
2 law enforcement officers, on and after July 1, 2006, may verify  
3 that the department has received an electronic notification under  
4 Section 16058 that a policy or bond for the vehicle has been issued.

5 SEC. 4. No reimbursement is required by this act pursuant to  
6 Section 6 of Article XIII B of the California Constitution because  
7 the only costs that may be incurred by a local agency or school  
8 district will be incurred because this act creates a new crime or  
9 infraction, eliminates a crime or infraction, or changes the penalty  
10 for a crime or infraction, within the meaning of Section 17556 of  
11 the Government Code, or changes the definition of a crime within  
12 the meaning of Section 6 of Article XIII B of the California  
13 Constitution.

